

# FISCAL NOTE

**Bill #:** SB0480

**Title:** Eliminate coal severance tax in-state generation incentive rate

**Primary Sponsor:** Cromley, B

**Status:** As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$0	\$0
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

- |   |  |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact    | <input type="checkbox"/> Technical Concerns            |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached  | <input type="checkbox"/> Needs to be included in HB 2  |

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Revenue**

1. Current law allows a two-thirds reduction in coal severance taxes levied on coal that is used to generate electricity meeting two criteria:
  - (a) Electricity must be produced in a Montana generation facility that was constructed after December 31, 2001 and before January 1, 2008.
  - (b) The first half of electricity produced must be offered for sale in-state at a rate set by the public service commission that is equal to cost of generation plus a reasonable rate of return.
2. This bill would eliminate this tax rate incentive.
3. No producers of coal are currently taking advantage of this incentive.
4. The revenue forecasts in HJR 2 assume no coal producer will use this incentive in FY 2006 or FY 2007.
5. This bill will have no effect on state or local revenues in FY 2006 and FY 2007.
6. This bill will have no administrative impact on the department of revenue.

**Fiscal Note Request SB0480, As Introduced**  
(continued)